

Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** December 7, 2010 

**SUBJECT:** Fiscal Impact Statement "Conforming Amendments for Fiscal Year 2011 Supplemental Budget Support Act of 2010"

**REFERENCE:** Conforming Amendments shared with OCFO on December 6, 2010

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**Conclusion**

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed conforming amendments to the Fiscal Year 2011 Supplemental Budget Support Act of 2010.

**Amendment #1: New Section 802b Under TITLE VIII. SPECIAL PURPOSE AND DEDICATED REVENUE FUND TRANSFERS**

**Background**

The proposed amendment would add a new subsection (b) to section 802 that would amend the Community Access to Health Care Amendment Act of 2006<sup>1</sup> by requiring that \$16.5 million instead of the \$20 million currently required under law be granted to the D.C. Cancer Consortium from the Community Health Care Financing Fund ("Fund").<sup>2</sup> As described in section 802(a), this \$3.5 million

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<sup>1</sup> Effective March 14, 2007 (D.C. Law 16-288; 54 DCR 976).

<sup>2</sup> The Community Health Care Financing Fund is a special nonlapsing interest earning account within the General Fund into which the Chief Financial Officer is to deposit: 1) Proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006; 2) Receipts from any fees and taxes specifically identified by District law to be paid into the Fund; 3) All payments received from Greater Southeast Investment, L.P., relating to its loans of approximately \$49 million to Specialty Hospitals of America, LLC, or certain of its subsidiaries; and 4) The District's share of any proceeds arising from a disposition of all or any part of the land and improvements on Lots 3 and 4, Square 5919. (D.C. Official Code § 7-1931).

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from the “Tobacco Fund,” so named because the money in the Fund comes mainly from the tobacco settlement, would be transferred to the General Fund.

### **Financial Plan Impact**

Implementation of the proposed amendment would have no effect on the FY 2011 through FY 2014 budget and financial planning period, as its fiscal effect was already incorporated into the Fiscal Year 2011 Supplemental Budget Support Act of 2010.

## **Amendment #2: Subtitle (VII)(F) – View 14 Project Economic Development Amendment Act of 2010**

### **Background**

The proposed amendment would add the Subtitle F “View 14 Project Economic Development Amendment Act of 2010.” This subtitle would amend the “View 14 Economic Development Act of 2009”<sup>3</sup> (“Act”) to specify that the \$5.7 million cap on the total amount of real property and sales tax exemptions provided to the “View 14 Project” (hereafter the “Project”), a mixed-use development located on Square 2868, Lot 155 in Ward 1, would apply only between FY 2010 and FY 2016. After FY 2016, there would be no cap on the total exemption amount the Project could receive.

Starting in FY 2010, the Act exempts the developer of the Project from sales tax on the purchase of materials used directly for the construction of the Project. It also exempts the Project from all real property taxes for ten consecutive years, and then from a portion of real property taxes for the following ten years.<sup>4</sup> Under current law, the total combined amount of the sales and real property tax exemption is capped at \$5.7 million over the entire 20 year period. The cap is expected to be reached in FY 2018—eight years after the exemption became effective.

### **Financial Plan Impact**

Implementation of the proposed amendment would have no effect on the FY 2011 through FY 2014 budget and financial planning period, as the fiscal effect of the subtitle was already incorporated in the District’s budget and financial plan starting FY 2010<sup>5</sup> However, the proposed subtitle would increase costs outside of the budget and financial plan.

Existing law caps the total amount of the exemptions at \$5.7 million, which is expected to be reached in FY 2018. The proposed subtitle would allow the total exemption amount to exceed \$5.7 million after FY 2016. Therefore the total cost of the abatement would increase by approximately \$4 million starting FY 2018, bringing the total value of the abatement to approximately \$9.8 million between FY 2010 and FY 2028.

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<sup>3</sup> Effective March 3, 2010 (D.C. Law 18-0111)

<sup>4</sup> Specifically, it would provide a 10 percent increase in property taxes owed each year for an additional ten years until the annual real property taxation reaches 100 percent in FY 2028.

<sup>5</sup> These exemptions were enacted as part of the Fiscal Year 2010 Budget Support Act of 2009 (D.C. Law 18-0111).

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<b>Estimated Fiscal Impact of Subtitle (VII)(F) - View 14 Project Economic Development Amendment Act of 2010 FY 2010 - FY 2028 ( in thousands)</b>				
	<b>Annual Total</b>	<b>Cumulative</b>	<b>Incorporated into the Financial Plan<sup>1</sup></b>	<b>Net Fiscal Impact</b>
FY 2010	\$1,207	\$1,207	\$1,207	\$0
FY 2011	\$1,244	\$2,450	\$1,244	\$0
FY 2012	\$433	\$2,884	\$433	\$0
FY 2013	\$474	\$3,357	\$474	\$0
FY 2014	\$499	\$3,856	\$499	\$0
FY 2015	\$529	\$4,385	\$529	\$0
FY 2016	\$561	\$4,946	\$561	\$0
FY 2017	\$595	\$5,541	\$595	\$0
FY 2018	\$631	\$6,172	\$159	(\$472)
FY 2019	\$602	\$6,775	\$0	(\$602)
FY 2020	\$568	\$7,343	\$0	(\$568)
FY 2021	\$527	\$7,870	\$0	(\$527)
FY 2022	\$479	\$8,349	\$0	(\$479)
FY 2023	\$423	\$8,772	\$0	(\$423)
FY 2024	\$359	\$9,131	\$0	(\$359)
FY 2025	\$286	\$9,417	\$0	(\$286)
FY 2026	\$202	\$9,619	\$0	(\$202)
FY 2027	\$107	\$9,726	\$0	(\$107)
FY 2028	\$49	\$9,775	\$0	(\$49)
FY 2009	\$0	\$9,775	\$0	\$0
<b>Total</b>	<b>\$9,775</b>	<b>\$9,775</b>	<b>\$5,700</b>	<b>(\$4,075)</b>

<sup>1</sup> The fiscal effect for FY 2011 through FY 2014 was incorporated in the FY 2010 budget and the FY 2011 through FY 2014 financial plan